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ABSTRACT

The practices and perceptions of Wisconsin employers regarding welfare recipients were examined. First, 500 employers outside the Milwaukee metropolitan area were interviewed by telephone. Those data were merged with data from a survey of Milwaukee-area employers, resulting in a statewide sample of about 1,250 Wisconsin employers (25%, 35%, and 40% of whom were from small, medium, and large firms, respectively). In the current robust economic cycle, the job market appeared quite capable of absorbing most former welfare recipients who exhibit even a bare minimum level of job readiness. Most employers believed that their role in supporting their employees involves not much more than providing a paycheck. Nearly one-third of employers interviewed indicated that their most recently hired former welfare recipients' chances for promotion were fair or poor. The implications of these and other findings regarding new hires' characteristics, qualifications, and job performance were examined. The following were among the recommendations offered: (1) promote increased employment involvement in and awareness of welfare-to-work efforts; (2) increase education and training opportunities to prepare individuals for the future demands of a less favorable labor market; (3) boost support programs, including child care,

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transportation, and housing; and (4) expand efforts to implement the Workforce Investment Act. (Contains 34 tables/figures.) (MN)

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WHO'S WHOM WHAT?

A REPORT ON EMPLOYER PRACTICES AND PERCEPTIONS IN WISCONSIN

and Their Implications for the Future of Welfare Reform

Robert Jacobson, Wisconsin Council on Children and Families
Gary Green, University of Wisconsin-Madison/Extension

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I. INTRODUCTION

A. Who is Hiring Whom to do What?

The purpose of this study is to obtain a better understanding of workforce development issues in Wisconsin, specifically those issues that impact workers at the lower end of the spectrum in terms of education and skills. We are interested in learning about what types of jobs are available, who is applying for them, who is getting them, what the existing pay is for these positions, what skills they require, what training employers are providing in these positions, and what opportunities for advancement they afford. These questions are especially critical in regard to the success of current and former welfare recipients as they make the transition into the workforce.

While some research pertaining to these questions has been conducted in the past, especially in the Milwaukee area, our understanding of job mobility and advancement is quite limited. How well workers with limited skills and education are able to navigate their way up the ladder into jobs that offer family-supporting wages and benefits will be a major determining factor not only in the ultimate success or failure of welfare reform and the new workforce development climate, but in the state's overall economic health as well. Yet very little is known about how much various factors influence the likelihood of advancement and retention. This survey adds to our knowledge of these and other workforce issues by examining the *demand* side of the employment equation-that is, from the perspective of employers. An examination of employers' expressed willingness to hire, and actual history of hiring, individuals with limited skills and work histories is of immense value in developing policies that support the economic well-being of both businesses and working families.

This report represents an initial overview of the information obtained through the survey. Further analysis will yield new insights into the employment landscape for Wisconsin residents without a college education. These insights will be reported periodically as ongoing analysis of the data takes place.

B. The Role of Welfare Reform

The transition from AFDC to Wisconsin Works (W-2) and related programs (such as the Caretaker Supplement for parents on SSI, and Kinship Care for grandparents or other caretakers of a relative's children) resulted in a steep decline in the number of cash assistance cases in Wisconsin. State-sponsored surveys have shown that about two-thirds of those who leave W-2 are employed several months after leaving the program, but data reflecting their long-term success remains elusive. Most of these studies merely provide a snapshot of a family's status at a single point in time; they tell us nothing about stability or progress.

The philosophy behind W-2 can be summed up as "work first," meaning that immediate attachment to the workforce is its primarily goal. This approach de-emphasizes measures to enrich a recipient's "human capital" through substantial job training and education before actually entering the workforce. It assumes that employment itself is the chief prerequisite to self-sufficiency; that is, obtaining even a very low-paying job, in which few new skills will be learned and from which a promotion is not likely, is the most direct route toward eventual employment in an occupation that pays well enough to support a family. Any necessary additional education and employment training, according to this view, must be deferred, and the time it requires must compete with job and family commitments.

Because the outcomes of welfare reform are still largely uncharted, the validity of those assumptions remains unclear. This survey examines these assumptions from the perspective of Wisconsin employers, a group whose collective practices will largely dictate whether "work first" ultimately proves to be an effective anti-poverty solution or merely a popular experiment whose hype exceeded its efficacy.

C. Methodology

The data presented in this report are derived from two separately conducted, but nearly identical, surveys. We conducted a telephone survey, carried out by the University of Wisconsin Survey Center, of 500 employers outside of the Milwaukee metropolitan area. The questionnaire was based on a recent survey conducted by Dr. Harry Holzer of the Urban Institute

and Georgetown University, who interviewed 750 employers in Milwaukee, Ozaukee, Washington and Waukesha Counties between October 1998 and May 1999, along with similar interviews in Los Angeles, Chicago and Cleveland. We merged our non-Milwaukee data with Holzer's Milwaukee-area data to create a sample of about 1,250 Wisconsin employers representing the entire state.

Both employer samples were drawn from Survey Sampling, Inc., which obtains their lists of employers from a variety of sources, including business licenses, unemployment compensation files, etc. The samples are stratified by firm size and industry. Approximately 25% of the sample includes small firms (1-19 employees), 35% is medium size firms (20-99 employees), and 40% is large firms (100 employees and more). Forty percent of the sample is drawn from service firms and the rest are from other industries. Much of the survey contained questions about the last position filled that did not require a college degree. Other questions pertained to the last welfare recipient hired in the firm. This methodology should produce a random sample of positions, and is the same procedure used by Holzer for the survey reported in his book *What Employers Want* (Russell Sage Foundation, 1996).

Our non-Milwaukee interviews took place between May 3 and July 25, 2000 and averaged just under 23 minutes in length. Interviews were normally carried out with the person responsible for hiring. The overall response rate was 58.9%, and was even across the six strata used.

Please note that some questions were asked only in the non-Milwaukee-area survey. As a result some tables contain "NA" where the data for Milwaukee would have appeared.

D. Major Findings

In the current robust economic cycle, the job market has proven quite capable of absorbing the majority of former welfare recipients who exhibit even a bare minimum level of job readiness. The results of this survey point to a strong relationship between the currently healthy demand for welfare recipients and the overall number of job vacancies. In other words, the ability of W-2 participants to find jobs easily has been largely the result of the tight labor market. This suggests that an economic downturn could result in a dramatic reduction in employer demand for these workers. It is likely that in a less favorable economic climate, many more W-2 participants would fail to obtain unsubsidized employment quickly. It is therefore crucial that state policy on W-2 and related programs be reexamined and strategies developed that would minimize the impact of such a downturn. In particular, W-2 rules regarding time limits and work requirements must be reevaluated.

A second important group of findings involves employer involvement in measures to enhance employee retention and advancement. It is apparent that most employers believe that their role in supporting their employees involves not much more than providing a paycheck. Many provide benefits such as health insurance and a certain amount of job-specific training, but relatively few go beyond that. A very small minority are choosing to provide supports such as transportation assistance, child care or basic skills training. Surprisingly, relatively few are even informing their low-wage workers about such available government supports as child care subsidies and the earned income tax credit, tools that cost the employer nothing and have proven effective in enhancing employment stability. Ironically, these are the same tools that could help address many of the problems that employers identify as the leading causes of absenteeism and tardiness among their employees who have been on welfare.

Nearly one-third of the employers interviewed indicated that their most recently hired former welfare recipient's chances for promotion were "fair" or "poor." Moreover, a similar percentage reported that there was no promotion available from the position held by their most recent hire (all hires, not just former welfare recipients). That means that these jobs offer no opportunity for advancement within the firm, *regardless of how well the employee performs.* In other words, a significant share of the jobs available to low-skill workers in Wisconsin, including those leaving W-2, are truly "dead-end."

Other findings include:

- The average duration of employment for a newly hired welfare recipient in the Milwaukee area is 8 months, though significant percentages have left after just 3-4 months.

- Many former welfare recipients can expect their families to remain in poverty *even after they receive a promotion.*

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- Statewide, more than a third of the most recently hired women who had been on welfare were working part-time (less than 35 hours per week).

- Holzer has found that turnover among welfare recipients is somewhat higher in Milwaukee than in the other metropolitan areas he studied, indicating that employers here are "dipping deeper" into the pool of welfare recipients. We find that the former welfare recipients who are leaving jobs the quickest tend to be those whom employers rate the lowest. This would seem to support Holzer's assertion about the cause of Milwaukee's higher turnover rate. It may also call into question the notion, advanced by some proponents of welfare reform, that most of this turnover is the "healthy" kind, i.e. workers leaving for better jobs at other firms.

- Larger firms seem better able to retain the welfare recipients they hire, which may be related to their ability to offer promotion opportunities within the company. It may also be connected with the presence in larger firms of professional, sophisticated human resource departments with the capacity to address the needs of employees with significant work barriers. Larger firms are also more likely to provide formal training.

E. Wisconsin in the National Context

Although welfare reform is occurring in all states, there is considerable variation in the context, policies, and outcomes among states. In Wisconsin, the tight labor market we have experienced over the past seven or eight years has had a major impact on hiring practices, especially related to the hiring of former welfare recipients. While many other parts of the country have had low unemployment rates, employers in the upper Midwest are experiencing some of the greatest difficulty in hiring qualified workers. The demographic structure of Wisconsin has contributed to the problem-there are fewer people entering the labor force and a growing number of retirees. In addition, Wisconsin is not experiencing the high rates of immigration that many Southern and Western states are facing. These tight labor markets have placed additional pressure on Wisconsin employers to hire former welfare recipients.

There also appear to be some differences in the experiences of Wisconsin employers with welfare reform compared to employers in other states. Wisconsin's welfare program, W-2, is one of the nation's most aggressive in terms of moving participants off public assistance and into jobs. Holzer and Stoll (2000) found that employers in Milwaukee exhibited a relatively high level of actual and prospective demand for welfare recipients, and that the turnover rate among current employees who had been on welfare was higher in Milwaukee than in the other three cities (Chicago, Cleveland and Los Angeles) they studied. These high turnover rates can be attributed to several things. The tight labor markets in Wisconsin have put pressure on employers to raise wages for entry-level positions. However, since in many cases those entry-level positions do not lead to better jobs within the firm, workers only benefit from this situation if they take a job elsewhere. This situation produces incentives for higher turnover problems. Employers also report they are doing much less screening of job applicants than they have in the past because of the tight labor markets. This may result in hiring workers who are not well matched to the demands of the job, or are lacking some skills required for the job. Finally, employers may experience higher turnover rates in Wisconsin because they are now hiring former welfare recipients who face more employment barriers, such as lack of family support, poor health, lack of transportation, or housing problems.

Holzer deals with these issues and related ones in depth in two other publications: "*Employer Demand for Welfare Recipients by Race*" (with Michael Stoll), Institute for Research on Poverty, Discussion Paper, 2000; and "*Employers and Welfare Recipients: The Effects of Welfare Reform in the Workplace* (with Michael Stoll), San Francisco: Public Policy Institute of California, (forthcoming).

II. A PORTRAIT OF WISCONSIN EMPLOYERS

1. Eighty percent of Wisconsin employers are for-profit firms and over half of them operate in multiple locations. They employ an average of 173 workers, 14 percent of whom are represented by a labor union. On average about half of the jobs at these firms do not require any particular skills, previous training or experience, although the percentage of unskilled jobs is substantially higher in the Milwaukee area (56%). Twenty-eight percent of the jobs outside of the Milwaukee area are part-time. A very small percentage of firms are minority owned (8% in the Milwaukee area, 4% elsewhere).

CHARACTERISTICS OF EMPLOYERS AND THE JOBS THEY ARE HIRING FOR

	All Employers	Milwaukee	Outside Milwaukee
For Profit	.80	.79	.81
Multiple Locations	.58	.59	.57
Minority Owned	.07	.08	.04
Number of Employees (average)	173	180	162
Percent Full-time	NA	NA	.67
Percent Part-time	NA	NA	.28
Percent Temporary/Seasonal	NA	NA	.05
Average Percent Union	.14	.15	.13
Percent Unskilled Jobs	.50	.56	.42
Percent Unskilled Require No Reading/Math	.21	.25	.12
Percent Unskilled Require No Reading/Math—Women	.13	.12	.15
Number of Vacant Positions	7.45	7.80	6.94

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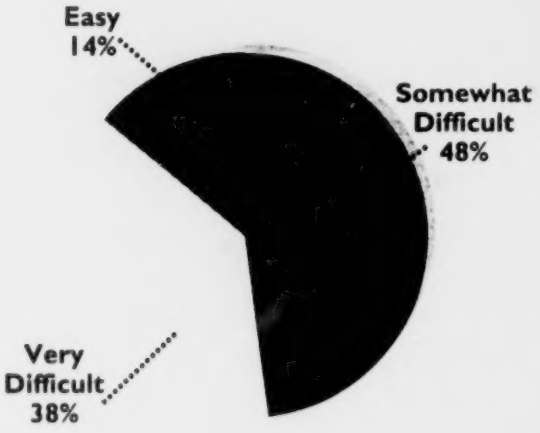
2. The vast majority of employers (86%) report difficulty finding qualified applicants to fill available positions. Nearly half have hired applicants lacking the desired qualifications in the past two years as a result.

DIFFICULTY IN HIRING QUALIFIED APPLICANTS

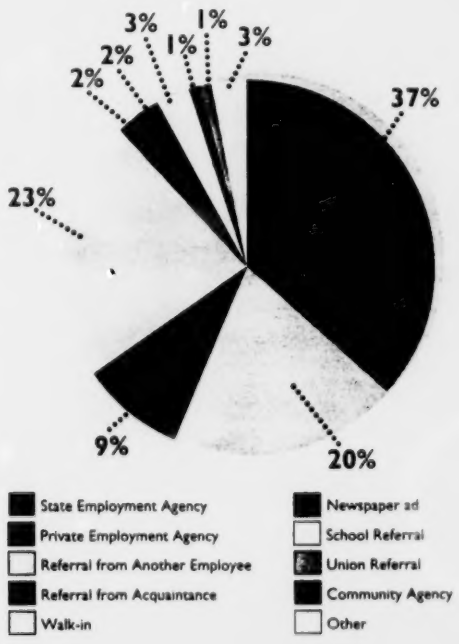


HIRING OF NON-QUALIFIED APPLICANTS

	All Employers	Milwaukee	Outside Milwaukee
Hired Non-Qualified Applicants in Past Two Years	.47	.45	.50
Number of Non-Qualified Hires in Past Two Years	22	26	18

3. Very few employers are successfully using the Job Center network–or other private, public or community agencies for that matter–to hire low-skill workers. Newspaper ads and informal referrals remain the chief sources of successful applicants.

HOW LAST HIRE WAS RECRUITED



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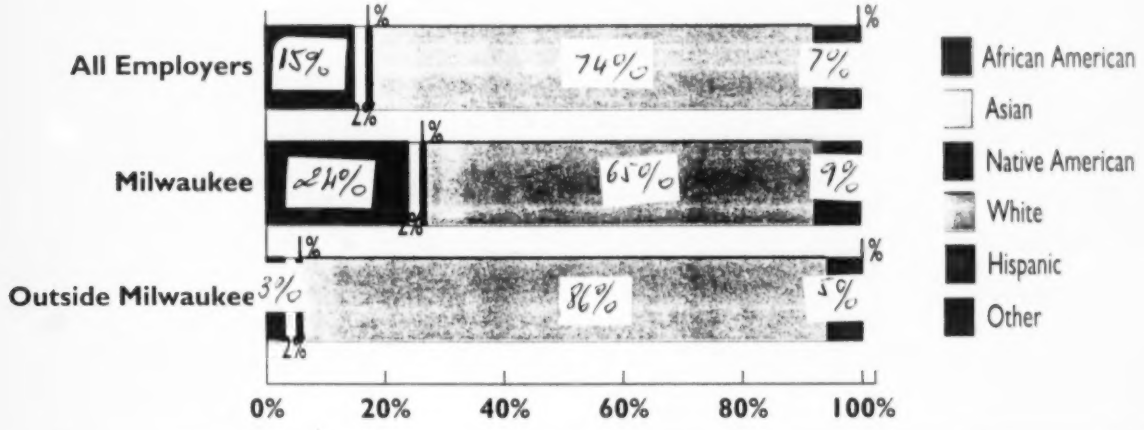
III. EMPLOYEE CHARACTERISTICS, WAGES AND PROSPECTS FOR ADVANCEMENT

1. With the exception of race and ethnicity, there is remarkably little difference in the characteristics of those being hired for non-college jobs in Milwaukee and their counterparts in other parts of the state. Women slightly outnumber men among new hires. Well over half have a high school diploma or GED (two-thirds outside Milwaukee).

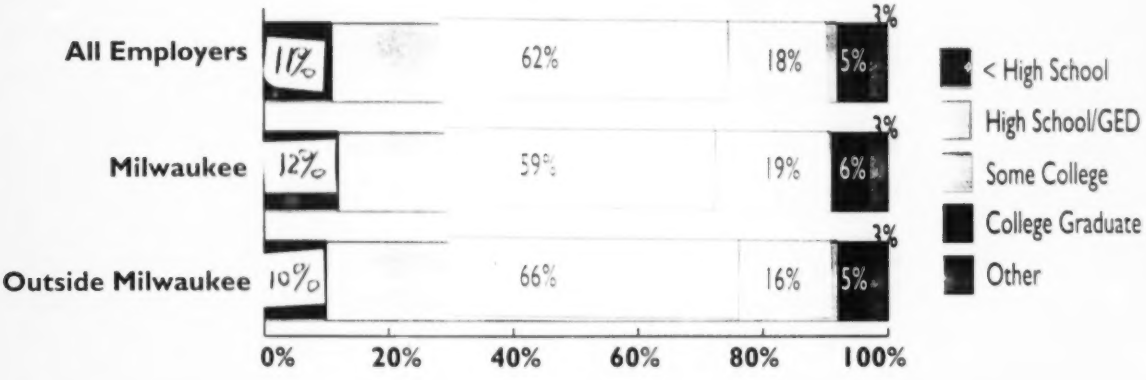
CHARACTERISTICS OF LAST HIRE

	All Employers	Milwaukee	Outside Milwaukee
Male	.45	.43	.47
Female	.55	.57	.53
Immigrant	.04	.05	.03

RACE/ETHNICITY OF LAST HIRE



EDUCATION OF LAST HIRE



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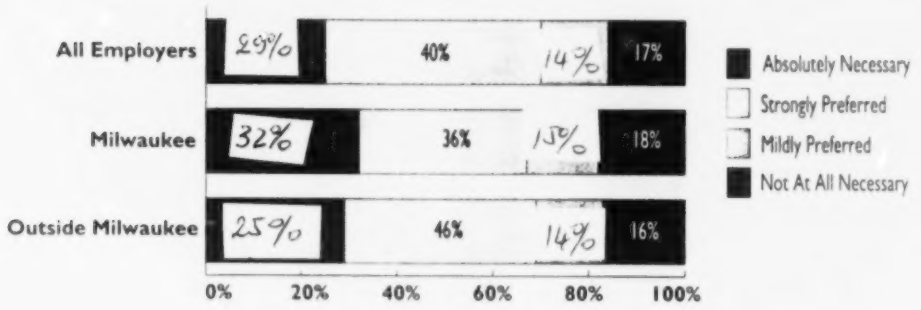
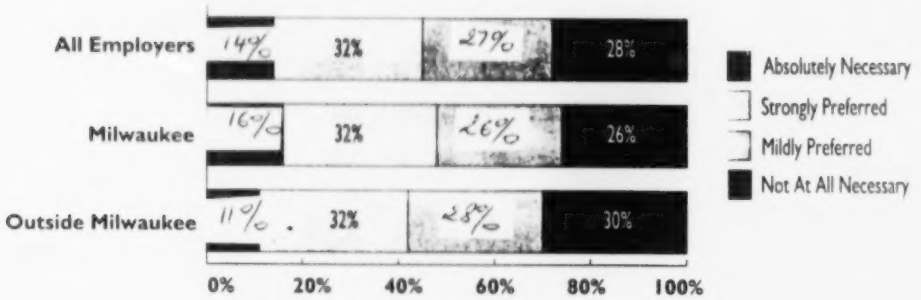
2. A high school diploma is absolutely necessary or strongly preferred by a strong majority (69%) of employers for the job occupied by their most recent hire for a non-college position. Previous training/skill certification is also absolutely necessary or strongly preferred by a large share of employers– 35% overall, 38% in Milwaukee area.

REQUIREMENTS FOR MOST RECENT HIRE

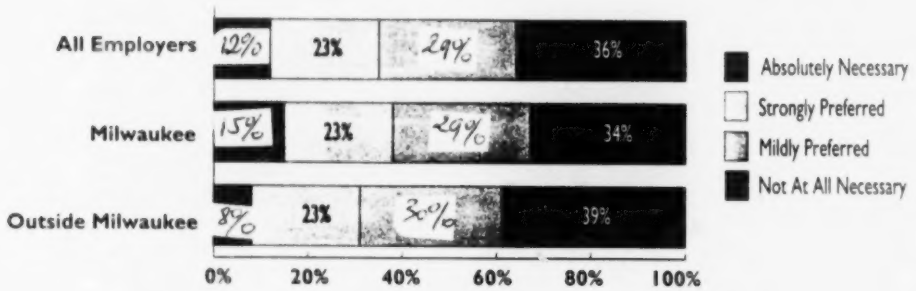
HIGH SCHOOL DIPLOMA



PREVIOUS EXPERIENCE



PREVIOUS TRAINING/SKILL CERTIFICATION



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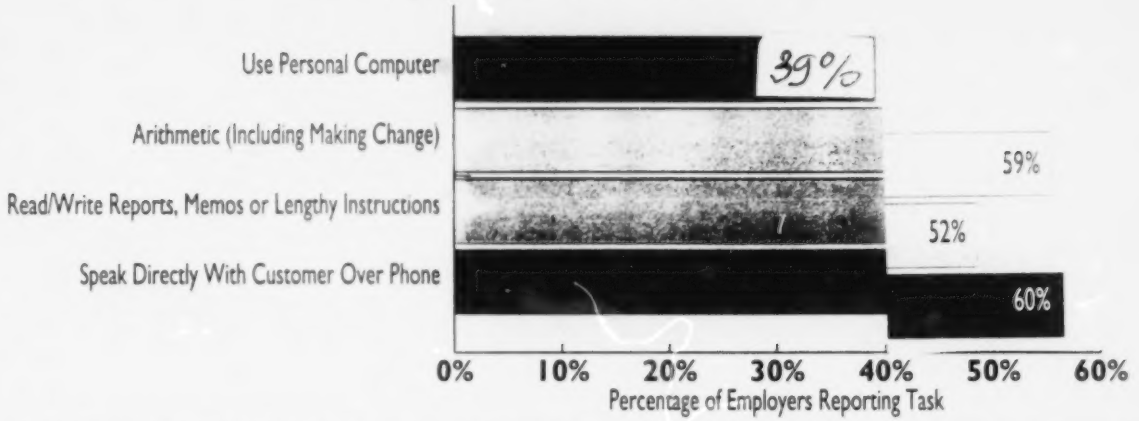
3. Tasks routinely required of new hires included speaking with customers on the phone, reading and writing, doing math, and using a computer.

DAILY TASKS OF MOST RECENT HIRE



4. The average starting salary for new hires was $16,261 per year, slightly below the federal poverty level (FPL) for a family of four, which is $17,050. There was surprisingly little difference between the starting salaries for new hires in the Milwaukee area and other parts of the state. They were working an average of 35 hours per week.

STARTING SALARIES

	All	Milwaukee	Outside Milwaukee
Starting Salary - Mean	16,261	16,323	16,173
Health Insurance-Individual	.73	.75	.71
% Premium Paid	NA	NA	.79
Health Insurance-Family	NA	NA	.69
% Premium Paid	NA	NA	.71
# Hours/Week Usually Work	35	35	35
Received Formal Training	.63	.63	.63
# Hours	57	61	52

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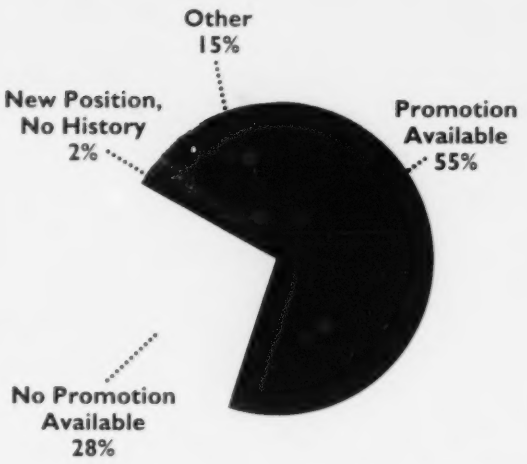
5. While over half (56%) of the employers asked (i.e. those outside the Milwaukee area) indicated a promotion was possible from the position occupied by their most recent hire, a significant minority (28%) reported that no promotion was available, *no matter how well the employee performed.* The average chance for promotion was 65%, and the average length of time necessary to receive a promotion was 17 months. The average salary they would receive after promotion was $19,794, about 117% FPL for a family of four. (The income eligibility limit for W-2 is 115% FPL.)

PROMOTIONS FOR LAST HIRE

Availability of Promotion (Outside Milwaukee Area Only)



TIME FOR PROMOTIONS FOR LAST HIRE

	All Employers	Milwaukee	Outside Milwaukee
Time for promotion (months) - Mean	NA	NA	17
- Median	NA	NA	12
Wage increase if promoted	NA	NA	.95/hr.
New annual salary if promoted - Mean	NA	NA	19,794
Chances of promotion	NA	NA	.65

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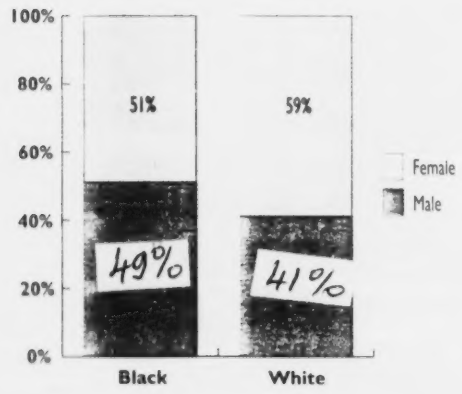
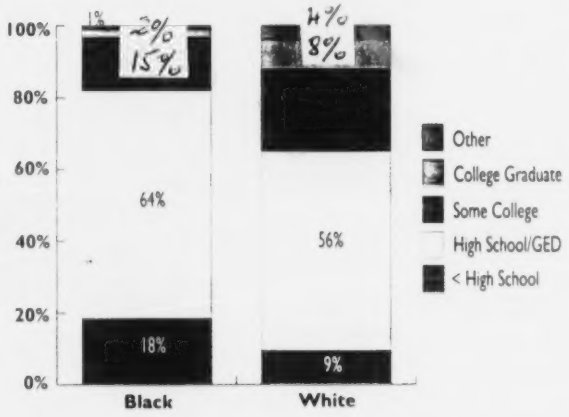
6. Starting wages for black employees in the Milwaukee area were significantly lower than those of white employees, which may be related to the lower average level of education completed by black employees. The percentage of black workers with less than a high school education (18%) was twice as high as the percentage of white workers (9%), and white workers were nearly twice as likely to have at least some college. Also, while black workers were more likely to have received formal training, that training consisted of fewer hours. (These statistics are based only on the Milwaukee-area data.)

COMPARISONS OF BLACK AND WHITE MOST RECENT HIRES IN MILWAUKEE

Gender Distribution of Last Hire By Race (Milwaukee Area)



Educational Level of Last Hire By Race (Milwaukee Area)



	Black	White
Starting Salary-Average	15,142	16,856
Health Insurance	.77	.73
# Hours Worked/Week	35	34
Received Formal Training	.71	.58
# Hours	46	63

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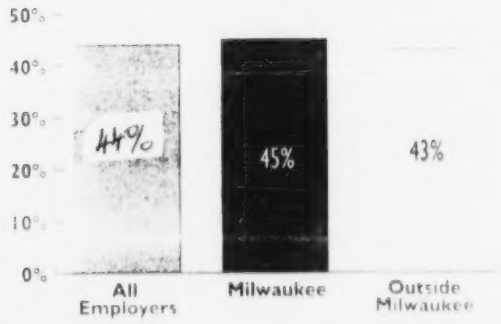
IV. WOMEN FORMERLY ON WELFARE

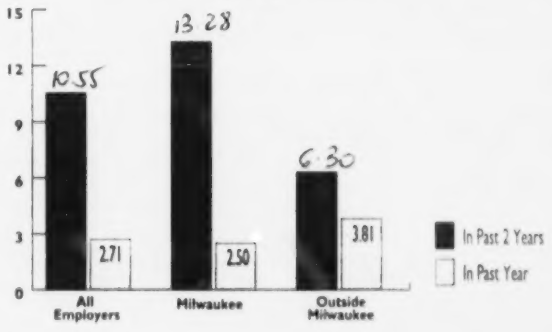
1. Nearly half of the employers surveyed indicated that they had hired former welfare recipients in the last two years. In the Milwaukee area, more than half of these employees are African American, while in the balance of the state 82 percent are white. The statewide average annual starting salary for a woman who had been on welfare was $13,236, which is 78% of the federal poverty level (FPL) for a family of four, and 94% FPL for a family of three.

HIRING OF WELFARE RECIPIENTS

Percentage of Firms That In The Last Two Years Hired A Woman Who Had Been On Welfare



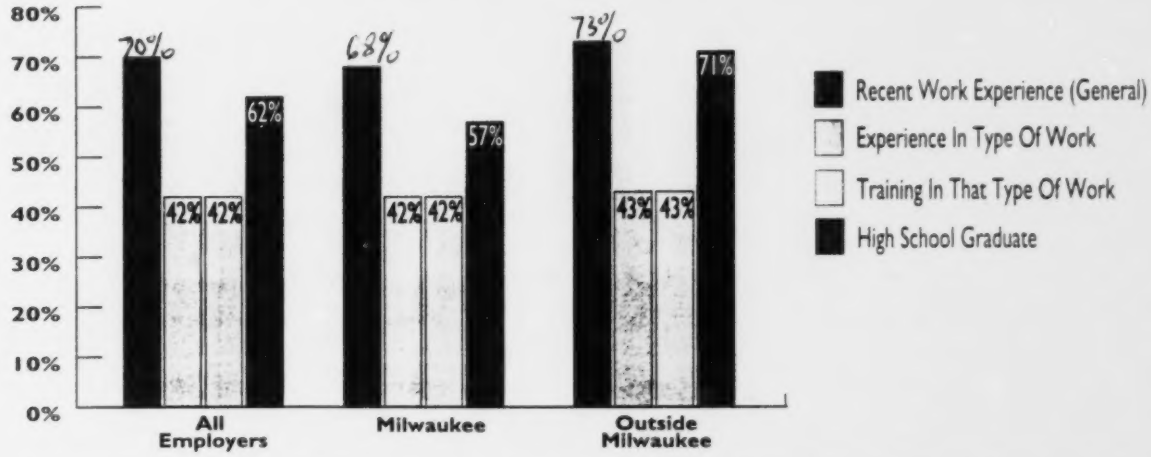
Average Number of Women Who Had Been On Welfare Hired



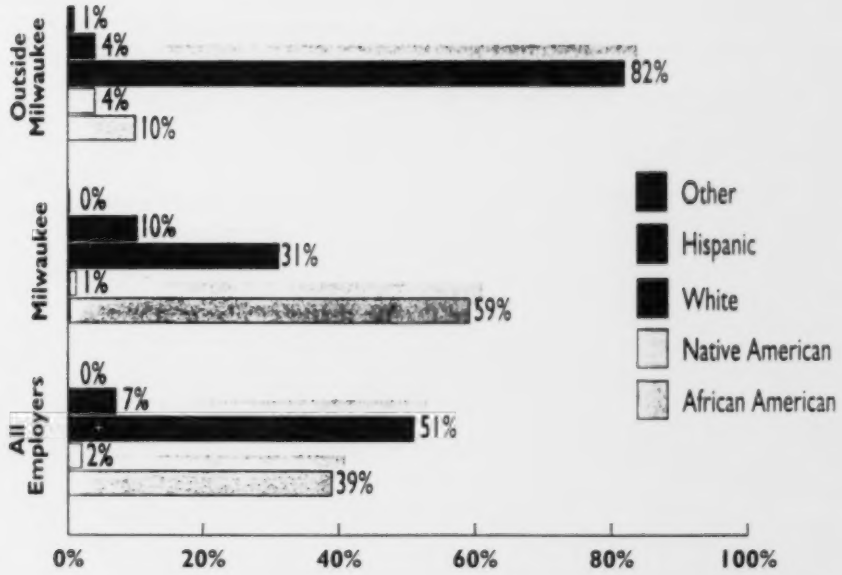
CHARACTERISTICS OF LAST WOMAN HIRED WHO HAD BEEN WELFARE RECIPIENT

	All Employers	Milwaukee	Outside Milwaukee
Recruited:			
Agency	.22	.22	.23
Other Means	.78	.79	.77
Starting Salary-Average	13,236	13,841	12,215
Health Insurance	.71	.72	.70
# Hours/Week Worked	35	35	34
Still With Firm	.67	.67	.67
Reason Left:			
Quit	NA	NA	.60
Discharged	NA	NA	.22
Laid Off	NA	NA	.07
Other	NA	NA	.11

EXPERIENCE AND TRAINING

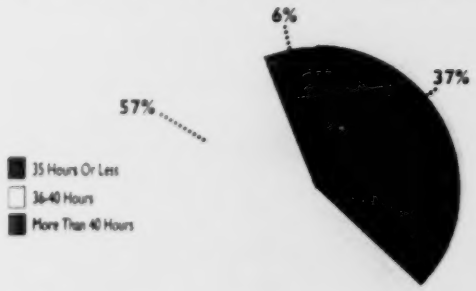


RACE/ETHNICITY OF LAST HIRE WHO WAS A WELFARE RECIPIENT



2. Many former welfare recipients were working part time, especially outside of Milwaukee.

NUMBER OF HOURS WORKED BY FORMER WELFARE RECIPIENTS



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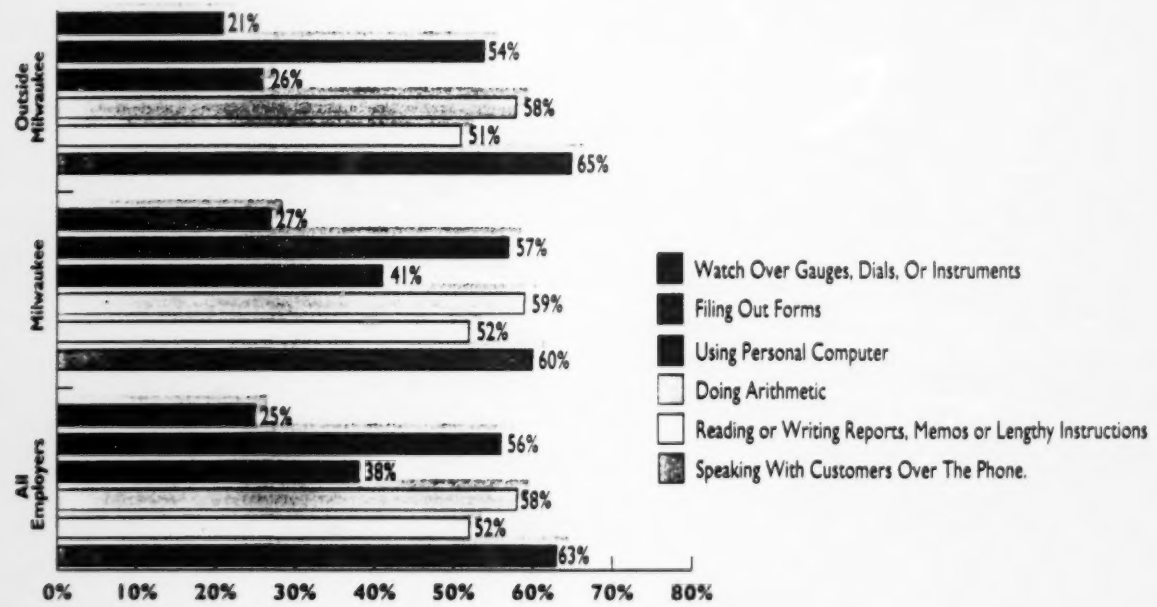
3. A large percentage of former welfare recipients statewide were being hired to work in service occupations. A key difference between patterns in the Milwaukee area and the rest of the state is that former welfare recipients in Milwaukee were much more likely to be working in precision production occupations, while elsewhere these workers were concentrated in lower paying jobs, such as retail sales and nursing assistant. Computer use is a daily task more frequently in the Milwaukee area than elsewhere.

OCCUPATION OF LAST WELFARE HIRE

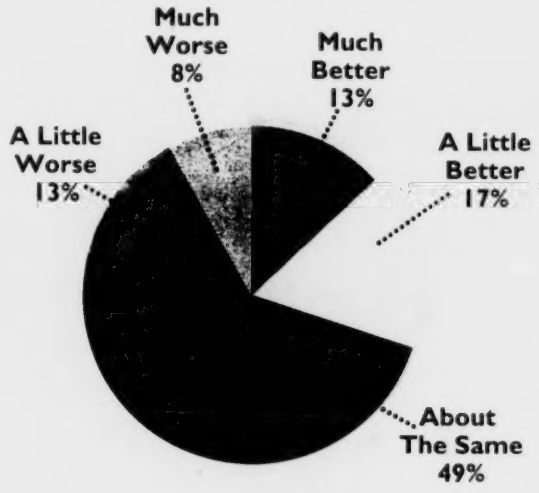
	All Employers	Milwaukee	Outside Milwaukee
Executive, Administration & Managerial	.01	.00	.03
Professional Specialty	.01	.01	.03
Technical & Related Support	.01	.01	.02
Sales	.07	.00	.19
Administrative Support, including Clerical	.08	.01	.19
Service	.32	.34	.29
Farming, Fishing & Forestry	.07	.12	.00
Precision Production, Craft & Repair	.23	.35	.03
Machine Operators, Assemblers & Inspectors	.13	.12	.16
Transportation	.01	.01	.01
Handlers, Equipment Cleaners, Helpers, etc.	.05	.04	.08

DAILY TASKS OF LAST HIRED WELFARE RECIPIENT

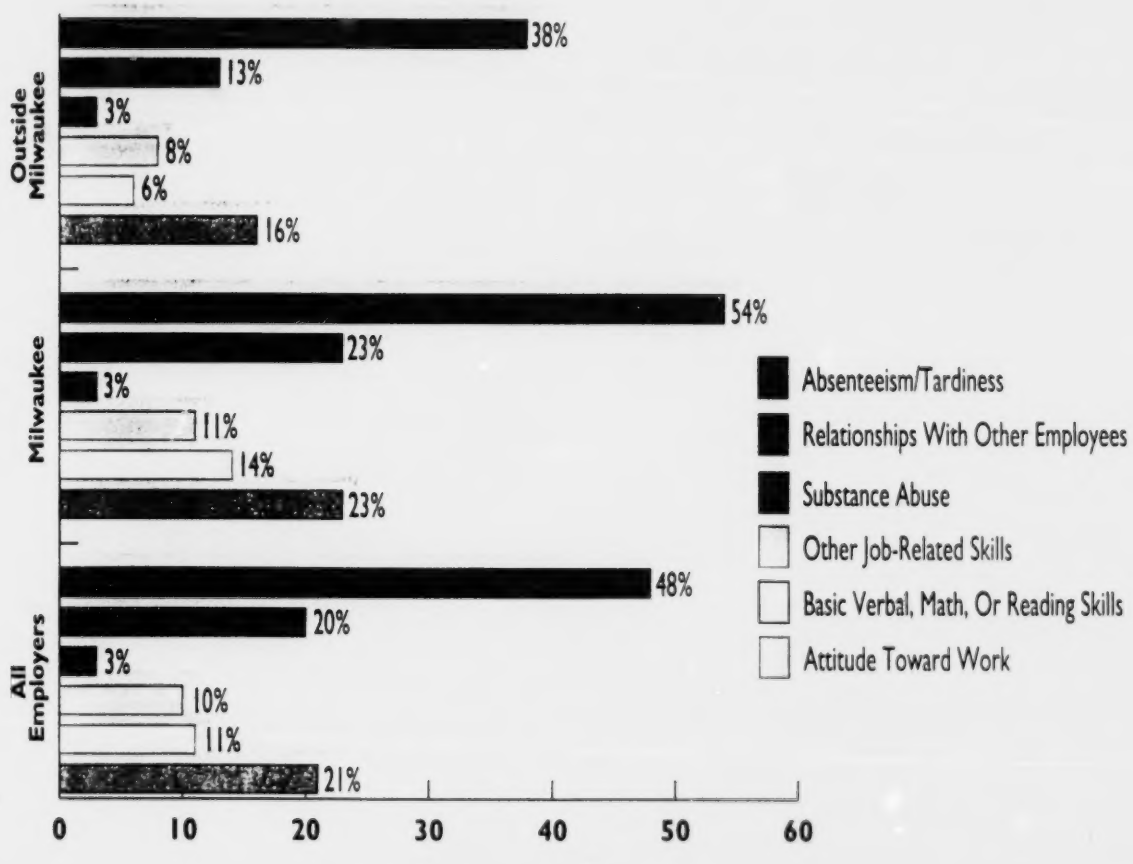


4. By and large, employers have experienced relatively few problems with the skills and attitudes of former welfare recipients, and those workers are generally performing as well as other employees.

OVERALL RATING OF LAST FORMER WELFARE RECIPIENT HIRED COMPARED TO TYPICAL PERSON HIRED IN THIS POSITION

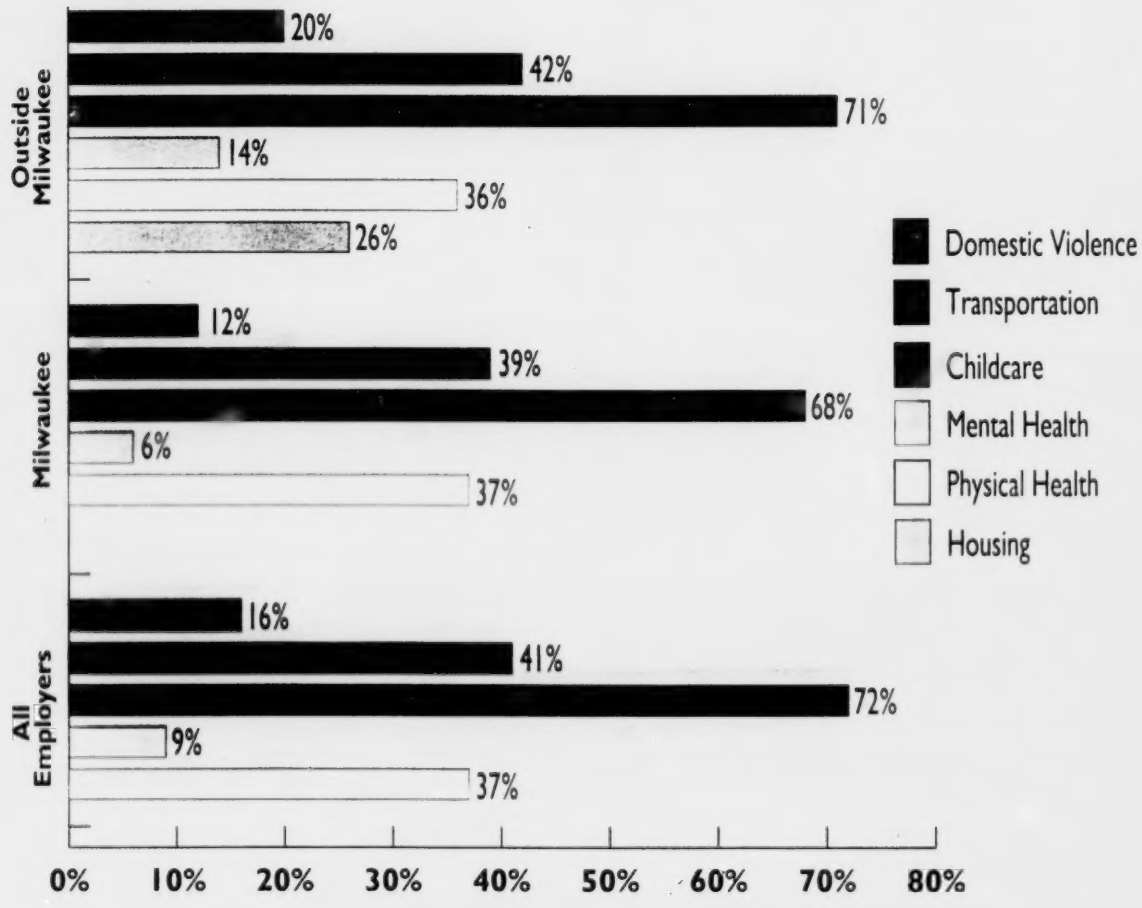


PROBLEMS WITH MOST RECENTLY HIRED FORMER WELFARE RECIPIENT



5. Among the 48% of employers who reported tardiness or absenteeism problems with their most recent welfare hire, child care, transportation and physical health remained the most prevalent barriers.

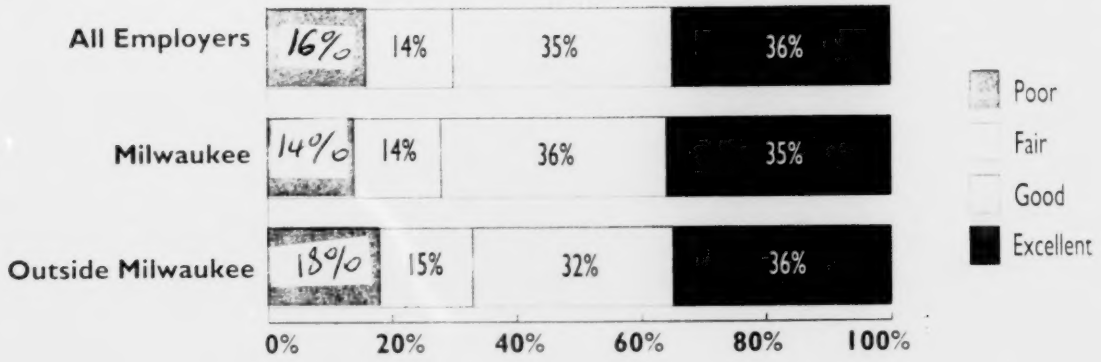
FACTORS CAUSING PROBLEMS WITH ABSENTEEISM OR TARDINESS



Note: Only non-Milwaukee employers were asked whether housing problems were a factor in absenteeism or tardiness.

6. Promotions are not automatic. Nearly a third of employers statewide said the chance that the last welfare recipient they hired would be promoted if she performed well was "fair" or "poor."

CHANCES OF PROMOTION FOR LAST WELFARE RECIPIENT HIRED



7. Employment opportunities for welfare recipients should remain abundant over the next year. This is closely related to the presence of a very tight labor market. The overall number of vacancies appears to strongly influence hiring practices for welfare recipients.

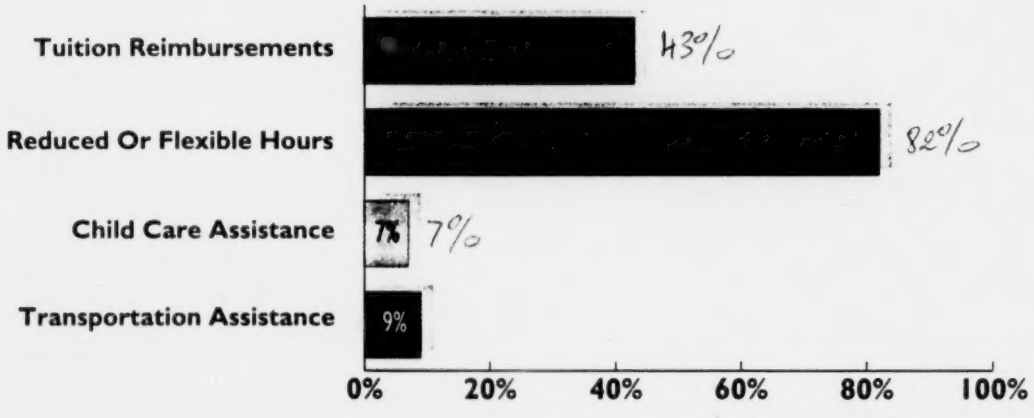
OPEN POSITIONS FOR WELFARE RECIPIENTS

	All Employers	Milwaukee	Outside Milwaukee
Could Hire Now	.36	.35	.39
# Could Hire Now	5.90	6.29	5.50
Could Hire Over Next Year	.63	.60	.67
# Could Hire Over Year	13.60	17.10	7.50

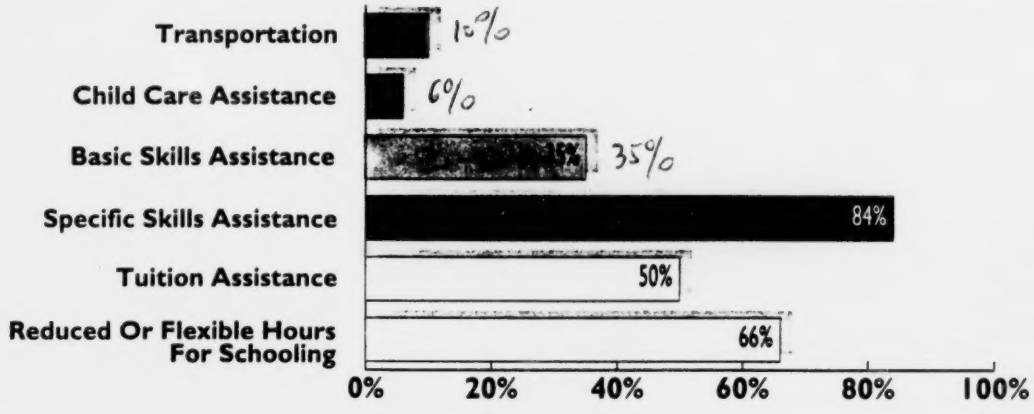
V. EMPLOYER AWARENESS AND PRACTICES

1. Employers are accommodating former welfare recipients with reduced or flexible schedules, but very few are providing child care or transportation assistance. In fact, the vast majority of employers indicated that they would be *unwilling* to provide those sorts of supports. While most former welfare recipients, as noted above, are receiving formal job training after hire, most employers are not willing to provide post-hire remedial or basic skills training.

CURRENTLY SUPPORT MOST RECENT WELFARE HIRE



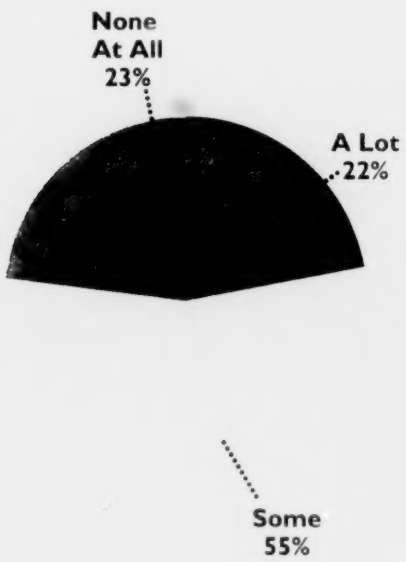
WILLING TO PROVIDE ASSISTANCE IN ORDER TO IMPROVE A WELFARE RECIPIENT'S ABILITY TO HOLD A JOB



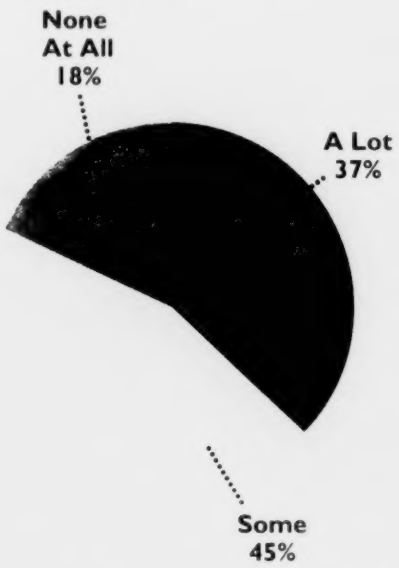
2. Recommendations and referrals influence the decision to hire welfare recipients more than appearance, dress and demeanor.

FACTORS INFLUENCING DECISION TO HIRE (WELFARE RECIPIENT)

Appearance, Dress and Demeanor



Recommendations And Referrals



3. Many employers are unaware of the various programs aimed at encouraging them to hire welfare recipients.

AWARENESS OF PROGRAMS FOR HIRING WELFARE RECIPIENTS

	All Employers	Milwaukee	Outside Milwaukee
Tax Credits from Federal Government	.56	.61	.49
Credits for 2 Years	.37	.41	.31
Subsidy For Trial Jobs	NA	NA	.29

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4. Mental illness, AODA, criminal record, and unstable work history are major stigmatizing factors that influence hiring decisions.

WOULD ACCEPT APPLICANTS

	All Employers	Milwaukee	Outside Milwaukee
Welfare Recipient			
Definitely would	.59	.60	.58
Probably would	.38	.37	.41
Probably not	.02	.03	.02
Definitely not	-	.01	-
Been in Government Employment Program			
Definitely would	NA	NA	.60
Probably would	NA	NA	.40
Probably not	NA	NA	-
Definitely not	NA	NA	-
GED			
Definitely would	.61	.62	.63
Probably would	.37	.35	.35
Probably not	.01	.02	.02
Definitely not	.01	.01	-
Has Criminal Record			
Definitely would	.14	.15	.13
Probably would	.36	.35	.37
Probably not	.37	.35	.39
Definitely not	.14	.16	.11
Short-Term or Part-Time Work Experience			
Definitely would	.23	.24	.21
Probably would	.43	.43	.44
Probably not	.31	.29	.34
Definitely not	.03	.04	.01
Person Unemployed For More Than A Year			
Definitely would	.24	.25	.22
Probably would	.55	.55	.55
Probably not	.20	.18	.23
Definitely not	.01	.01	.01

(chart continues on next page)

WOULD ACCEPT APPLICANTS

	All Employers	Milwaukee	Outside Milwaukee
In Treatment for Depression			
Definitely would	NA	NA	.21
Probably would	NA	NA	.55
Probably not	NA	NA	.22
Definitely not	NA	NA	.02
Hospitalized for Mental Illness			
Definitely would	NA	NA	.18
Probably would	NA	NA	.53
Probably not	NA	NA	.27
Definitely not	NA	NA	.03
Taking Anti-Psychotic Medication			
Definitely would	NA	NA	.16
Probably would	NA	NA	.49
Probably not	NA	NA	.35
Definitely not	NA	NA	.04
Has Physical Disability			
Definitely would	NA	NA	.39
Probably would	NA	NA	.52
Probably not	NA	NA	.08
Definitely not	NA	NA	.01
Has History of Substance Abuse			
Definitely would	NA	NA	.14
Probably would	NA	NA	.36
Probably not	NA	NA	.41
Definitely not	NA	NA	.10

5. Relatively few employers are reminding former welfare recipients they hire about the availability of state child care subsidies (20% statewide) or the earned income tax credit (41% statewide).

VI. POLICY IMPLICATIONS

The results of this study carry a number of implications for the ongoing debate over the direction of workforce development policy. We believe the following strategies and measures-some rather general, others quite specific-would address many of the state's most pressing needs, from both the perspective of workers and the perspective of Wisconsin's business community. While most of these recommendations spring directly from the data presented here, we have also included suggestions-particularly some of those pertaining to W-2-that, while not explicitly linked to the data, would move public policy in a direction that we believe addresses identified needs.

A. Promote increased employer involvement and awareness

1. For Policymakers:

a) Expand efforts to educate employers about existing support programs, such as child care subsidies, transportation assistance, and the earned income tax credit, and require Job Centers to urge all employers they work with to inform their employees about these supports.

b) Promote sectoral strategies, creation of industry-wide career ladders, and cross-firm skill identification and training design. Consider providing tax incentives to firms that participate in such efforts.

c) Develop strategies to direct outreach efforts specifically to smaller employers, which are less likely to have expertise in adjusting their human resource practices to accommodate the demands of a tight labor market and a growing pool of low-skill workers with significant barriers.

2. For Employers:

a) Invest more in onsite training and provision of basic education on company time.

b) Expand efforts to hire people with mental health issues and other disabilities.

c) Unless the job is of a particularly sensitive nature, refrain from making a criminal history an insurmountable barrier.

d) Consider establishing employer-based assistance programs for child care, transportation and housing (e.g. the "walk-to-work" homeownership programs in Milwaukee and the employer assistance home purchase program administered by the City of Wausau).

B. W-2 Policy

1. Increase W-2 education and training opportunities in order to prepare individuals for the future demands of a less favorable labor market and enhance their opportunities for advancement.

a) Allow one half of a participant's work activity to consist of appropriate education and training, so that part-time workers (unsubsidized) may receive a partial Community Service Job (CSJ) benefit while going to school.

b) Allow participants to self-initiate a course of vocational education with a work requirement of "up to" 25 hours.

c) Alter work requirement rules to allow participants enrolled in a course of vocational education to complete the course, rather than being required to drop out and accept the first unsubsidized job they are offered, regardless of its quality or advancement potential.

2. Eliminate the two-year time limit for W-2T in order to allow enough time for these families to overcome the substantial barriers they face and become viable members of the workforce.

3. Improve assessment of AODA and mental health problems, and make sure participants receive the treatment they need without additional work requirements.

C. Boost support programs, such as child care, transportation, housing

1. Eliminate work requirements for child care during education and training.

2. Eliminate child care co-payments for families with incomes below the federal poverty level.

3. Invest in child care infrastructure, e.g. providing wage subsidies for early childhood educators, to allow more workers to take advantage of available subsidies and improve the quality of the care that is available.

4. Increase availability of transportation assistance for automobile purchase and insurance.

5. Consider implementation of a housing subsidy program for the working poor.

6. Fully fund BadgerCare.

D. Implementation of Workforce Investment Act (WIA)

1. Consider legislation requiring local Workforce Development Boards to earmark a reasonable percentage of WIA funds for Individual Training Accounts (ITAs).

2. Require employers serving on Workforce Development Boards to organize and participate in employer forums addressing training and retention issues in their industry.

ACKNOWLEDGEMENTS

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A number of individuals contributed to the production of this report. We are particularly indebted to Harry Holzer for agreeing to share data from his Milwaukee-area employer survey, without which this report would have been far less meaningful. We would also like to thank Dan Diaz for assisting with data manipulation; and the staff of the UW Survey Center, especially project managers Lina Guzman and Melissa Marcello.

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